

March 31, 1980

LB 954

would you like that one next? Mr. President, Senator Kelly moves to amend the bill.

SENATOR KELLY: Mr. Speaker, members of the Legislature, I would ask the Clerk to read the amendment.

CLERK: Mr. President, Senator Kelly moves to amend the bill: Read Kelly amendment found on pages 1612 and 1613, Legislative Journal.

SENATOR KELLY: Thank you very much, Mr. Clerk. Members of the Legislature, the thrust of this amendment is to remove from our energy policy the Nebraska mortgage fund. Administrative Rules and Regulations had a hearing and a visit with the Nebraska Mortgage Fund to determine what their procedures and what their method of operation and how they set up their rules and regulations or what they referred to as guidelines, spent considerable effort uncovering and finding out how the fund worked and I would report to you as an example Mr. Rasmussen would be very concerned about LB 594 on the basis that the Legislature would take in the fund as though it were a state agency of which they are not a state agency. They are entirely separated as a quasi public corporation, as private investors investing in a public purpose. There is some question about whether this would be the situation under 594 or 954. Understand what the fund does, colleagues, that it sells bonds to the public through the open market, through bond merchants and bond brokers. They take the proceeds from that sale. Now a bond is nothing more than a promise from this fund to the purchaser of the bond that they will pay them back and pay them interest in the meantime but the proceeds from those bonds come into the mortgage fund that is available then to the fund to buy from financial institutions that know the ropes and know the risks and know how to loan money, they buy mortgages from them putting the money out to those institutions holding these mortgages, first mortgages, on Nebraska real estate as collateral against the bonds that they have sold, and as the money comes in paying off those mortgages, they pay off their bonds. This condition probably would not work under 954. There is just no way that this mortgage fund could operate as a retail lender of construction funds for weatherization, for insulation, for furnaces or for new water heaters, those type of things. Under the agency section that is in the bill which creates all utilities in the State of Nebraska as outreach agents for the bond fund to bring in customers that would borrow money from the fund to buy a new furnace with and this